



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Authorize Staff to Modify Compensation for Council Appointees, Executive Management and Confidential Employees; Accept Concession Proposal from IBEW Bargaining Group

MEETING DATE: May 4, 2011

PREPARED BY: Human Resources Manager and City Attorney

RECOMMENDED ACTION: Authorize staff to modify compensation for Council Appointees, Executive Management and Confidential Employees; accept concession proposal from IBEW Bargaining Group.

BACKGROUND INFORMATION: Following general City Council direction, staff has sought to ensure a balanced 2011/2012 General Fund budget. This has necessitated reducing expenditures within City departments to include employee unit/group's salary and benefits. Accordingly, staff has negotiated compensation adjustments for Council Appointees, Executive Management and Confidential employees. Additionally, staff has accepted a concession proposal from the International Brotherhood of Electrical Workers (IBEW), which represents most employees in the City's Electric Utility Department.

As the members of each bargaining unit have different interests/needs in terms of salary and benefits, the structure of some agreements differ. However, modifications center around a combination of staff reductions, furloughs, elimination of the deferred compensation matching contributions, reductions in employer-paid health care contributions, and reductions in employer-paid retirement contributions. Agreements with each of the following units are as following:

IBEW: Proposed a reorganization/restructuring of the Utility Operators Division. Currently, the Division is staffed by four employees who work five, eight-hour days per week. This allows the unit to be available to the public from 6:30 a.m. to 10:30 p.m. (seven days a week, 365 days per year). From 10:30 p.m. to 6:30 a.m., calls are forwarded to an answering service which can then dispatch on-call utility employees if the need arises.

After analyzing calls for service, IBEW proposes the City reduce its Utility Operator hours of operation to 7 a.m. to 5 p.m. (seven days a week, 365 days per year). IBEW research indicates calls received after 5 p.m. are mainly water and wastewater calls for service and could be handled by the answering service. Moreover, the answering service can still dispatch on-call utility employees if the need arises. The Electric Utility Director indicates this proposal will not affect service levels to the community. This restructuring will result in the elimination of one Utility Operator position, saving the City approximately \$148,000 annually. This can be implemented within two weeks.

IBEW also proposed that the City consider offering a two-year retirement incentive to three current IBEW employees: the Construction/Maintenance Supervisor, an Electric Foreman, and the Apparatus

APPROVED:


Konrad Bartlam, Interim City Manager

Mechanic. If offered, the Construction/Maintenance Supervisor and the Apparatus Mechanic indicated they would accept (the Electric Foreman has declined). The Electric Utility Director indicates this proposal would result in the elimination of the Electric Foreman (one Foreman would be promoted to the Supervisor position and his previous position would not be filled) and the Apparatus Mechanic positions. Duties for the Apparatus Mechanic would be distributed among current staff.

The employees impacted by this proposal have requested the City offer the two-year retirement incentive with an effective date of December 31, 2011 (to complete current projects and transition staff and workload). If Council authorizes the two-year retirement incentive at that date, the expected savings from January 1, 2012 through June 30, 2012 would be approximately \$153,000. Total savings to the City for both proposals would be \$301,000 for the 2011/12 fiscal year.

Council Appointees. Members have agreed to continue their current 2010/11 fiscal year concessions – 12 unpaid furlough days and the elimination of the deferred compensation matching program – coupled with additional concessions for the 2011/12 fiscal year to include contributing 3.3 percent towards their retirement plan (effective July 1, 2011) and transitioning from City-paid medical plan to the City payment for medical plans limited to lowest-cost HMO medical plan (effective January 1, 2012). Total savings to the City for these contributions would be \$50,875 for the 2011/12 fiscal year.


Executive Management. Similar to Council Appointees, members have agreed to continue their current 2010/11 fiscal year concessions – 12 unpaid furlough days and the elimination of the deferred compensation matching program – coupled with additional concessions for the 2011/12 fiscal year to include contributing 3.3 percent towards their retirement plan (effective July 1, 2011) and transitioning from City-paid medical plan to the City payment for medical plans limited to lowest-cost HMO medical plan (effective January 1, 2012). Total savings to the City for these contributions would be \$120,090 for the 2011/12 fiscal year.

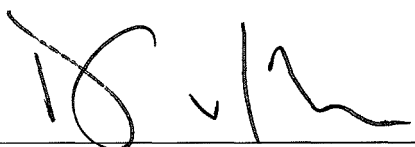
Confidential Unit. Members have agreed to continue their current 2010/11 fiscal year concessions – 12 unpaid furlough days and the elimination of the deferred compensation matching program – coupled with additional concessions for the 2011/12 fiscal year to include contributing 1 percent towards their retirement plan (effective July 1, 2011), transitioning from City-paid medical plan to the City payment for medical plans limited to lowest-cost HMO medical plan (effective January 1, 2012), and six unpaid floating leave days (a 2.3 percent reduction in compensation). These unpaid floating leave days must be used from July 1, 2011 through June 30, 2012 or be forfeited. Total savings to the City for these contributions would be \$123,900.

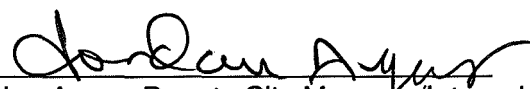
If the State of California mandates employee contributions to the CalPERS retirement system the City will reopen discussions with these units. Staff, therefore, recommends Council approval of the above employee contributions for the 2011/12 fiscal year.

FISCAL IMPACT: The above reduces the City's salary and benefit obligations by approximately \$595,865 for Fiscal Year 2011/2012.

FUNDING AVAILABLE: Not applicable.


D. Stephen Schwabauer, City Attorney


Dean Gualco, Human Resources Manager


Jordan Ayers, Deputy City Manager/Internal Services Director



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BACKGROUND INFORMATION: Following general City Council direction, staff has sought to ensure a balanced 2011/2012 General Fund budget. This has necessitated reducing expenditures within City departments to include employee unit/group's salary and benefits. Accordingly, staff has ~~negotiated~~ proposed compensation adjustments for Council Appointees, and ~~neotiated~~ neotiated compensation adjustments for Executive Management and Confidential employees. Additionally, staff has ~~received~~ accepted a concession proposal from the International Brotherhood of Electrical Workers (IBEW), which represents most employees in the City's Electric Utility Department.

As the members of each bargaining unit have different interests/needs in terms of salary and benefits, the structure of some agreements differ. However, modifications center around a combination of staff reductions, furloughs, elimination of the deferred compensation matching contributions, reductions in employer-paid health care contributions, and reductions in employer-paid retirement contributions. Agreements with each of the following units are as following:

IBEW: Proposed a reorganization/restructuring of the Utility Operators Division. Currently, the Division is staffed by four employees who work five, eight-hour days per week. This allows the unit to be available to the public from 6:30 a.m. to 10:30 p.m. (seven days a week, 365 days per year). From 10:30 p.m. to 6:30 a.m., calls are forwarded to an answering service which can then dispatch on-call utility employees if the need arises.

After analyzing calls for service, IBEW proposes the City reduce its Utility Operator hours of operation to 7 a.m. to 5 p.m. (seven days a week, 365 days per year). IBEW research indicates calls received after 5 p.m. are mainly water and wastewater calls for service and could be handled by the answering service. Moreover, the answering service can still dispatch on-call utility employees if the need arises. The Electric Utility Director indicates this proposal will not affect service levels to the community. This restructuring will result in the elimination of one Utility Operator position, saving the City approximately \$148,000 annually. This can be implemented within two weeks.

APPROVED:

Ronradt Bartlam, City Manager

IBEW also proposed that the City consider offering a two-year retirement incentive to three current IBEW employees: the Construction/Maintenance Supervisor, an Electric Foreman, and the Apparatus Mechanic. If offered, the Construction/Maintenance Supervisor and the Apparatus Mechanic indicated ~~they~~ they would accept the offer, and the other two employees indicated they are considering the offer. ~~(the Electric Foreman has declined). The Electric Utility Director indicates this proposal would result in the elimination of the Electric Foreman (one Foreman would be promoted to the Supervisor position and his previous position would not be filled) and the Apparatus Mechanic positions. Duties for the Apparatus Mechanic would be distributed among current staff.~~

The employees impacted by this proposal have requested the City offer the two-year retirement incentive with an effective date of December 31, 2011 (to complete current projects and transition staff and workload). If Council authorizes the two-year retirement incentive at that date, the expected savings from January 1, 2012 through June 30, 2012 would be approximately ~~\$45,850 (if only the Construction/Maintenance Supervisor accepts the offer) 153,000~~. Total savings to the City for both proposals would be ~~\$193,850 301,000~~ for the 2011/12 fiscal year (this amount would increase if the other two employees accept the two-year incentive offer).

Council Appointees. Members ~~propose to Council have agreed to continue their current 2010/11~~ fiscal year concessions — ~~12 unpaid furlough days and the elimination of the deferred compensation matching program — coupled with additional concessions for the 2011/12 fiscal year to include contributing the full cost of 7 percent 3.3 percent~~ towards their retirement plan (effective July 1, 2011), elimination of the deferred compensation matching program, waiving of the ability to cash out 20 hours of administrative leave (effective January 1, 2012 through December 31, 2012) and transitioning from City-paid medical plan to the City payment for medical plans limited to lowest-cost HMO medical plan (effective January 1, 2012). This proposal eliminates all furloughs for this group. Total savings to the City for these contributions would be ~~\$46,835 50,875~~ for the 2011/12 fiscal year.

Executive Management. Similar to Council Appointees, members have agreed to ~~continue their current 2010/11 fiscal year concessions — 12 unpaid furlough days and the elimination of the deferred compensation matching program — coupled with additional concessions for the 2011/12 fiscal year to include contributing 7.3 percent~~ towards their retirement plan (effective July 1, 2011), elimination of the deferred compensation matching program, waiving of the ability to cash out 20 hours of administrative leave (effective January 1, 2012 through December 31, 2012), and transitioning from City-paid medical plan to the City payment for medical plans limited to lowest-cost HMO medical plan (effective January 1, 2012). This proposal eliminates all furloughs for this group. Total savings to the City for these contributions would be ~~\$108,580 120,000~~ for the 2011/12 fiscal year.

Confidential Unit. Members have agreed to continue their current 2010/11 fiscal year concessions — 12 unpaid furlough days and the elimination of the deferred compensation matching program — coupled with additional concessions for the 2011/12 fiscal year to include contributing 1 percent towards their retirement plan (effective July 1, 2011), transitioning from City-paid medical plan to the City payment for medical plans limited to lowest-cost HMO medical plan (effective January 1, 2012), and six unpaid floating leave days (a 2.3 percent reduction in compensation). These unpaid floating leave days must be used from July 1, 2011 through June 30, 2012 or be forfeited. Total savings to the City for these contributions would be ~~\$123,900~~.

If the State of California mandates employee contributions to the CalPERS retirement system the City will reopen discussions with these units. Staff, therefore, recommends Council approval of the above employee contributions for the 2011/12 fiscal year.

FISCAL IMPACT: The above reduces the City's salary and benefit obligations by approximately
~~\$473,165,865~~ ^{\$595,865} for Fiscal Year 2011/2012.

FUNDING AVAILABLE: Not applicable.


D. Stephen Schwabauer, City Attorney


Dean Gualco, Human Resources Manager


Jordan Ayers, Deputy City Manager/Internal Services Director